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**Subject:** CMS Feedback on Attachment T  
**Date:** Wednesday, September 1, 2021 2:57:00 PM

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Hello Texas Colleagues,

CMS has reviewed Attachment T, for Demonstration Year 11, and the associated Application Cost Report/Tool, as submitted on June 30, 2021. CMS has the following feedback on these documents.

1. CMS needs additional information on the roles and relationships of the entities the state intends to make the pool available to, with respect to local governments.
2. CMS understands that Texas intends for the eligible providers to provide the non-federal share for this pool via Certified Public Expenditures. However, 501(c)(3) are not Governmental entities and ineligible to participate in Certified Public Expenditure Per Social Security Act 1903(w)(6). Only the local unit of government that may have a contract with the 501(c)3 may claim certain costs of the contract as their expenditure as a CPE on a cost report to be used as State Share.
3. The state's intended cost report structure is inadequate for CPE-driven programs, and would require the following modifications to be approvable:
  - a. Isolation of costs and revenues associated with providing care to Medicaid and uninsured populations, vs. other payers/self pay/funding from local governments/federal grants/etc.
  - b. Adherence to the CMS method of time studies (with CMS review and approval of the time study methodology)
  - c. Step down of time/effort to costs
  - d. CMS approval of the cost reporting methodology to determine the reimbursable costs.

If you would like to discuss our feedback, please let me know your availability and I will set up a call.

Thank you,  
Diona Kristian